MOTION BY SUPERVISOR MICHAEL D. ANTONOVICH   January 6, 2009

DATA MINING TECHNOLOGY AND PUBLIC ASSISTANCE FRAUD

On my May 29, 2007 motion, the Board of Supervisors unanimously directed the Chief Executive Office (CEO) to report on the feasibility of targeting public assistance fraud by incorporating data mining technology into the Department of Public Social Services (DPSS) data warehouse. Between May and November 2008, the CEO and DPSS conducted a pilot to evaluate the effectiveness of data mining technology as a public assistance fraud detection tool. The pilot focused on CalWORKs Stage One Child Care cases for the seven-year period between January 2001 and December 2007.

Pilot results resoundingly confirmed that use of data mining tools would enhance both the rate and timeliness of fraud detection; and would increase investigative efficiency and effectiveness. The pilot achieved an ***85 percent success rate*** in detecting collusive fraud rings. The pilot's results revealed that, in the areas of new fraud referrals, early fraud detection, and increased efficiency, the total gross cost avoidance would have been at least ***$6.8 million dollars annually.***

The District Attorney's Office affirms that data mining software would facilitate its collaboration with DPSS and significantly improve the overall effectiveness of its fraud investigations. Furthermore, savings of this magnitude would offset recent increases in the County's cost of doing business; and mitigate State reductions to the CalWORKs single allocation funding in Fiscal Year 2008-09, as well as the additional curtailments projected for Fiscal Year 2009-10.

<u>M O R E</u>

<u>MOTION</u>

MOLINA   _____

RIDLEY-THOMAS_____

YAROSLAVSKY_____

ANTONOVICH _____

KNABE   _____

I, THEREFORE, MOVE that the Board of Supervisors direct the Chief Executive Officer to report back within 30 days with a strategy to:

1. Implement the piloted data mining technology to target fraud in the CalWORKs Stage 1 Child Care program by July 1, 2009.

2. Expand utilization of data mining software to **_all_** public assistance programs and work with the District Attorney to integrate utilization of the software with other fraud prevention programs.

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